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SUBJECT: PARAGUAY'S 2008 THIRD QUARTER INL REPORT

I. SUMMARY: The Government of Paraguay's National Anti-Drug Secretariat (SENAD) has made great strides in its drug enforcement activities in the past quarter. Seizures of both cocaine and marijuana remain steady and important drug traffickers were arrested. Following the inauguration of President Fernando Lugo August 15, 2008, Cesar Aquino was appointed as SENAD Minister. INL supported SENAD's active demand reduction program, and provided operational support to the Specialized Technical Unit (UTE). INL also contracted to provide technical assistance to the Money Laundering Secretariat (SEPRELAD). END SUMMARY.

II. Program Discussion:

A. Demand Reduction

During the months of July, August and September, SENAD's Prevention Program provided a total of 365 workshops, reaching a total of 11,993 people, to include students, teachers and parents. It conducted 15 educational workshops for teachers on the social problems of drug consumption. It also coordinated activities for prevention of drug-use in 49 educational institutions and disseminated 2,492 informational pamphlets to teachers and counselors to use during workshops. SENAD's prevention unit continued working on its main objective to reach hundreds of participants each month in Central and Amambay Departments. The program included formal workshops, informal sessions, public seminars, and the distribution of informational materials.

B. Narcotics Detection Canine (K-9)Program:

The canine program continues to have success in seizures and enhance the overall efforts of SENAD's drug interdiction program. Canine alerts led to the seizure of 7.9 kilograms of cocaine and 4 arrests.

C. Law Enforcement Accomplishments:

On August 5, 2008, SENAD seized 10,926 kilos of marijuana during raids on four marijuana gathering camps near the town of Itakyry, Alto Parana Department. The marijuana traffickers who were in control of the camps fled the area before the SENAD arrived, but SENAD seized 9 hydraulic presses used for compressing marijuana bricks, 200 kilos of marijuana seeds, 4 motorcycles, and 2 shotguns.

On August 6, 2008, seven Lebanese subjects and one Paraguayan were arrested in Ciudad del Este. Two of the Lebanese subjects were arrested on U.S. indictments and are pending extradition. The arrested Lebanese subjects were Nemr Al ZEITER, Samir Sobhi ZEITER, Yamil Ali MAZLOUM, Youssef HOJEIJ, Hassanein Ali ZEITER, Zovater HAMSEN, and Amer Zohar EL HOSSNI. The Paraguayan national detained is Carlos Antonio ACUQA.

On August 14, 2008, a search warrant executed at the residence of Cesar VILLALBA-Silvero in Lambare, Central Department resulted in the seizure of two plastic containers with a total of 73 kilos of ephedrine. An additional 3 kilograms of ephedrine were found in a bedroom closet of the residence. Hugo GONZALEZ-Galeano and Estela

GONZALEZ-Galeano were arrested for possession of the 76 kilograms of ephedrine. Simultaneous to the execution of the search warrant, SENAD agents arrested Cesar VILLALBA-Silvero as he was riding a motorcycle in the city of Fernando de la Mora, Central Department.

On August 20, 2008, SENAD seized 13.975 kilos of cocaine from Paraguayan national Erico VILLALBA-Pereira in Ciudad del Este. At the time of the arrest, VILLALBA-Pereira was attempting to cross the Friendship Bridge from Ciudad del Este to Foz de Yguaz, Brazil. The cocaine was hidden inside his vehicle.

On September 9, 2008, SENAD seized 6,331 kilos of marijuana from a vehicle in vicinity of Coronel Oviedo, Caaguazu Department. Based on prior information that the route where the vehicle was located had been used as an avenue to smuggle marijuana, SENAD established a checkpoint in the area. A checkpoint inspection led to the discovery of a large number of bags containing marijuana in a cargo truck. Following the discovery of the marijuana, the truck's driver, Reinaldo SPAINI-Segovia, received a phone call from the load's coordinator. The driver told the coordinator the truck had suffered damage and asked the coordinator to come to his location to render assistance. Approximately ten minutes later, a vehicle arrived at the location with two occupants; Teodoro TOLEDO-Mendoza and Atilio Javier TOLEDO-Jara. All three subjects were arrested and both vehicles seized.

Between September 11 and 14, 2008, SENAD conducted marijuana eradication operations at various locations in the Departments of Itapua and Caazapa, along Paraguay's southern border with Argentina. The operations were conducted in coordination with Argentineans authorities to maximize limited resources. Although no arrests were made in Paraguay, SENAD cleared 7 hectares of planted marijuana, resulting in the destruction of approximately 21,000 kilos of marijuana, seized 215 kilos of compressed marijuana and 80 kilos of marijuana seeds, as well as related processing equipment.

On September 22, 2008, the SENAD seized 22.51 kilos of cocaine in Ciudad Fernando de la Mora, Central Department from a leased vehicle located in a parking lot of a supermarket. The cocaine was packaged in several plastic bags that were placed in a carton box inside the cargo area of the vehicle. SENAD is investigating leads on this case.

In addition to the arrest of Yehya ZEITER in Romania on April 14, 2008, two additional U.S. indicted members of the organization were arrested in Paraguay on August 6, 2008; Nemr Al ZEITER and Amer Zoher EL HOSSNI. Additional members of the organization have been indicted and are pending arrest.

1E. IPR

During the first nine months of 2008, the Specialized Technical Unit (UTE) under the leadership of Colonel Felix Cruz made significant progress in investigating major traders of counterfeit goods and seizing pirated goods in higher-valued assets, such hi-tech equipment, computer software, general electronics, and other consumer goods. Though national elections and a presidential transition reduced the government's operational capacity, the commercial value of counterfeit and pirated goods seized by UTE reached 14 million USD, mostly from intense enforcement efforts in and near Ciudad Del Este. INL continues to provide UTE with funds for operational support.

1F. Money Laundering

INL funds will support an upgrade of SEPRELAD's existing financial crime software currently in use, including technical assistance. SEPRELAD is hoping to have banks linked to the financial crime software before the end of 2008.

III. Miscellaneous Issues:

Quarterly SENAD statistics

	1st	2nd	3rd	4th	
Cocaine			58	46	49
Seized (kg)					0

Marijuana	9,434	110,228	26,698	0
Seized (kg)				
Marijuana	994	568	N/A	0
Crops				
Destroyed (Has)				
Cocaine Related	15	39	N/A	0
Marijuana Related	39	57	N/A	0
Other Related	21	8	N/A	0
Violations				
Total Arrests	75	104	70	0

NOTE: Due to the August government transition, all numbers are not available for this quarter.

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